

1 Q. Rates

2 Re: Amended Application, p. 4.41, lines 12-20

3 Citation:

4 The non-lifeline portion of the Domestic energy rate and both small and
5 large general service diesel rates were forecast to increase by 15% in 2007
6 to reflect the increased cost of fuel since the previous GRA. These rate
7 changes were not implemented as the revenue requirement effects of the
8 cost increases reflected in the 2007 Test Year for Domestic and General
9 Service diesel customers have been offset by Government funding. This
10 funding will cease upon new rates being approved upon conclusion of the
11 current GRA. The rate increase of 7.1% for Domestic Diesel customers and
12 approximately 19% for General Service Diesel customers reflect the
13 cumulative rate impact of the deferred 2007 rate increase and the 2015
14 proposed rate increase.

15 Please describe in detail the "Government funding" referred to in the Citation. Is it
16 related to the Northern Strategic Plan funding provided to isolated customers?

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18
19 A. The Government funding referred to in the Citation is not related to the Northern
20 Strategic Plan (NSP). The NSP funding relates to the Provincial Government
21 program that commenced July 1, 2007 to subsidize customers' rates on Labrador
22 Isolated Systems and on the L'Anse au Loup System to the level of rates on the
23 Labrador Interconnected System for the Lifeline Block of electricity consumption.
24 Further details on the NSP are provided in Hydro's response to IN-NLH-137.

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26 The funding referred to above relates to the Provincial Government's payments to
27 Hydro which have deferred rate increases which otherwise would have become
28 effective for Isolated Systems customers commencing January 1, 2007. These

1 increases would have affected the non-lifeline portion of the Domestic energy rate
2 and both small and large general service diesel rates, which were forecast to
3 increase by 15% at that time.

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5 Government direction on this policy was initially given in OC2006-512, which has
6 been filed as IN-NLH-123 Attachment 3. This Government direction has most
7 recently been renewed by OC2014-372 (provided as IN-NLH-276 Attachment 1).

Executive
Council



Newfoundland
and Labrador

*Certified to be a true copy of a Minute of a Meeting
of the Committee of the Executive Council of Newfoundland and
Labrador approved by His Honour the Lieutenant-Governor on*

2014/12/23

OC2014-372

NR/DM
E Martin/Nalcor
A Wells/PUB
TB/Secretary
FIN/DM
Deputy Clerk
File

MC2014-0585. XX2014-140.

Under the authority of section 5.1 of the Electrical Control Power Act, 1994, the Lieutenant Governor in Council is pleased to direct the Board of Commissioners of Public Utilities to adopt a policy for Non-Government Rural Isolated Domestic and General Service customers of Newfoundland and Labrador Hydro that:

- i) any changes in rates charged to these customers shall be equal to changes approved for equivalent rate classes of Newfoundland Power customers on or after January 1, 2007;
- ii) notwithstanding (i), commencing January 1, 2016 rates for these customers shall be those that would have come into effect but for this directive and directives OC2006-512, OC2008-365, OC2009-390, OC2010-322 and OC2012-329; and
- iii) the provisions of this directive do not apply to rates to be established for these customers following December 31, 2015.

Julia Mullaley
Clerk of the Executive Council